QUARTERLY REPORT

LICENSEE: THE CLARIDGE AT PARK PLACE, INC.

FOR THE QUARTER ENDED MARCH 31, 2001

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

TRADING NAME OF LICENSEE THE CLARIDGE CASINO HOTEL

BALANCE SHEETS

AS OF MARCH 31, 2001 AND 2000

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	ASSETS		
	Current Assets:		
1	Cash and Cash Equivalents	$18,227	$14,113
2	Short-Term Investments	0	4,038
	Receivables and Patrons' Checks (Net of Allowance for		
3	Doubtful Accounts - 2001, $931; 2000, $1,307)	21,568	18,324
4	Inventories	2,534	1,957
5	Prepaid Expenses and Other Current Assets	1,475	1,209
6	Total Current Assets	43,804	39,641
7	Investments, Advances, and Receivables (NOTE 3)	43,321	44,553
8	Property and Equipment - Gross (NOTE 4)	42,216	39,385
9	Less: Accumulated Depreciation and Amortization	(13,282)	(12,802)
10	Property and Equipment - Net	28,934	26,583
11	Other Assets (NOTE 5)	819	465
12	Total Assets	$116,878	$111,242
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts Payable	$3,901	$3,918
14	Notes Payable	0	0
	Current Portion of Long-Term Debt:		
15	Due to Affiliates	0	0
16	Other (NOTE 8)	0	79
17	Income Taxes Payable and Accrued	0	0
18	Other Accrued Expenses (NOTE 6)	10,205	10,119
19	Other Current Liabilities (NOTE 7)	4,030	3,220
20	Total Current Liabilities	18,136	17,336
	Long-Term Debt:		
21	Due to Affiliates	0	0
22	Other	0	0
23	Deferred Credits (NOTE 12)	10,599	10,760
24	Other Liabilities & Liabilities subject to Compromise (NOTE 9)	56,831	56,409
25	Commitments and Contingencies (NOTE 1)		
26	Total Liabilities	85,566	84,505
27	Stockholders', Partners', or Proprietor's Equity	31,312	26,737
28	Total Liabilities and Equity	$116,878	$111,242

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2001 AND 2000

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	Revenue:		
1	Casino	$38,756	$38,652
2	Rooms	2,179	2,151
3	Food and Beverage	4,395	4,561
4	Other	485	565
5	Total Revenue	45,815	45,929
6	Less: Promotional Allowances	5,044	5,096
7	Net Revenue	40,771	40,833
	Costs and Expenses:		
8	Cost of Goods and Services	25,480	24,489
9	Selling, General, and Administrative	12,115	11,359
10	Provision for Doubtful Accounts	61	157
11	Total Costs and Expenses	37,656	36,005
12	Gross Operating Profit	3,115	4,828
13	Depreciation and Amortization	394	240
	Charges from Affiliates Other than Interest:		
14	Management Fees	0	0
15	Other (NOTE 13b)	40	65
16	Income (Loss) from Operations	2,681	4,523
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates (NOTE 13a)	0	0
18	Interest (Expense) - External	0	(27)
19	Investment Alternative Tax and Related Income (Expense) - Net	(173)	(175)
20	Nonoperating Income (Expense) - Net (NOTE 10)	(3,722)	(4,112)
21	Total Other Income (Expenses)	(3,895)	(4,314)
22	Income (Loss) Before Income Taxes and Extraordinary Items	(1,214)	209
23	Provision (Credit) for Income Taxes (NOTE 12)	0	84
24	Income (Loss) Before Extraordinary Items	(1,214)	125
	Extraordinary Items (Net of Income Taxes -		
25	20__, $; 20__, $)	0	0
26	Net Income (Loss)	($1,214)	$125

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2000 AND THE THREE MONTHS ENDED MARCH 31, 2001

(UNAUDITED)
($ IN THOUSANDS)

		Common Stock		Preferred Stock		Additional Paid-In Capital		Retained Earnings (Accumulated) (Deficit)	Total Stockholders' Equity (Deficit)
Line (a)	Description (b)	Shares (c)	Amount (d)	Shares (e)	Amount (f)	(g)	(h)	(i)	(j)
1	**Balance, December 31, 1999**	1,000	$1		$0	$87,205	$0	($60,594)	$26,612
2	Net Income (Loss) - 2000							5,914	
3	Contribution to Paid-in-Capital								
4	Dividends								
5	Prior Period Adjustments								
6									
7									
8									
9									
10	**Balance, December 31, 2000**	1,000	1	0	0	87,205	0	(54,680)	32,526
11	Net Income (Loss) - 2001							(1,214)	
12	Contribution to Paid-in -Capital								
13	Dividends								
14	Prior Period Adjustments								
15									
16									
17									
18									
19	**Balance, March 31, 2001**	1,000	$1		$0	$87,205		($55,894)	$31,312

ompanying notes are an integral part of the financial statements.
sons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE:THE CLARIDGE CASINO HOTEL

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2001 AND 2000

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	($1,255)	$1,589
	CASH FLOWS FROM INVESTING ACTIVITIES:		
2	Purchase of Short-Term Investment Securities	0	(4,038)
3	Proceeds from the Sale of Short-Term Investment Securities	8,159	5,049
4	Cash Outflows for Property and Equipment	(228)	(480)
5	Proceeds from Disposition of Property and Equipment	2	36
6	Purchase of Casino Reinvestment Obligations	(482)	(456)
7	Purchase of Other Investments and Loans/Advances made		
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables	726	676
9	Cash Outflows to Acquire Business Entities		
10			
11			
12	Net Cash Provided (Used) By Investing Activities	8,177	787
	CASH FLOWS FROM FINANCING ACTIVITIES:		
13	Cash Proceeds from Issuance of Short-Term Debt		
14	Payments to Settle Short-Term Debt	(2)	
15	Cash Proceeds from Issuance of Long-Term Debt		
16	Costs of Issuing Debt		
17	Payments to Settle Long-Term Debt		(48)
18	Cash Proceeds from Issuing Stock or Capital Contributions		
19	Purchases of Treasury Stock		
20	Payments of Dividends or Capital Withdrawals		
21			
22			
23	Net Cash Provided (Used) By Financing Activities	(2)	(48)
24	Net Increase (Decrease) in Cash and Cash Equivalents	6,920	2,328
25	Cash and Cash Equivalents at Beginning of Period	11,307	11,785
26	Cash and Cash Equivalents at End of Period	$18,227	$14,113

	CASH PAID DURING PERIOD FOR:		
27	Interest (Net of Amount Capitalized)	$0	$27
28	Income Taxes	$104	$0

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2001 AND 2000

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
29	Net Income (Loss)	($1,214)	$125
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment	346	225
31	Amortization of Other Assets	48	15
32	Amortization of Debt Discount or Premium		
33	Deferred Income Taxes - Current		
34	Deferred Income Taxes - Noncurrent	0	84
35	(Gain) Loss on Disposition of Property and Equipment	(2)	(58)
36	(Gain) Loss on Casino Reinvestment Obligations	174	175
37	(Gain) Loss from Other Investment Activities		
38	Net (Increase) Decrease in Receivables and Patrons' Checks (excluding reclass from long term of $(546) and $(360))	(546)	(19)
39	Net (Increase) Decrease in Inventories	(155)	0
40	Net (Increase) Decrease in Other Current Assets	10	(70)
41	Net (Increase) Decrease in Other Assets	(76)	(67)
42	Net Increase (Decrease) in Accounts Payable	(391)	701
43	Net Increase (Decrease) in Other Current Liabilities Excluding Debt	569	143
44	Net Increase (Decrease) in Other Noncurrent Liabilities Excluding Debt	(18)	335
45			
46			
47	Net Cash Provided (Used) By Operating Activities	($1,255)	$1,589

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

LINE	DESCRIPTION	2001	2000
	ACQUISITION OF PROPERTY AND EQUIPMENT:		
48	Additions to Property and Equipment	$228	$480
49	Less: Capital Lease Obligations Incurred		
50	Cash Outflows for Property and Equipment	$228	$480
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired	$0	$0
52	Goodwill Acquired	0	0
53	Net Assets Acquired Other than Cash, Goodwill, and Property and Equipment	0	0
54	Long-Term Debt Assumed	0	0
55	Issuance of Stock or Capital Invested	0	0
56	Cash Outflows to Acquire Business Entities	$0	$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	Total Issuances of Stock or Capital Contributions	$0	$0
58	Less: Issuances to Settle Long-Term Debt		
59	Consideration in Acquisition of Business Entities	0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions	$0	$0

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

($ IN THOUSANDS)

FOR THE THREE MONTHS ENDED MARCH 31, 2001

		Promotional Allowances		Promotional Expenses	
Line (a)	(b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	19,449	$1,398		
2	Food	182,029	2,198		
3	Beverage	233,239	1,384		
4	Travel			717	$181
5	Bus Program Cash			176,242	2,968
6	Other Cash Complimentaries			111,040	2,466
7	Entertainment	1,914	64		
8	Retail & Non-Cash Gifts			14,563	257
9	Parking			28,980	43
10	Other			52,610	483
11	Total	436,631	$5,044	384,152	$6,398

THE CLARIDGE AT PARK PLACE, INC., dba THE CLARIDGE CASINO HOTEL
(Debtor-In-Possession effective August 16, 1999)
Notes to Financial Statements
March 31, 2001 and 2000

1. BUSINESS

(a) Organization

The Claridge at Park Place, Incorporated ("New Claridge") formed on August 29, 1983, is a wholly-owned subsidiary of The Claridge Hotel and Casino Corporation (the "Corporation"). On October 31, 1983, New Claridge acquired certain assets of The Claridge Casino Hotel (the "Claridge"), including gaming equipment (the "Casino Assets"), from Del E. Webb New Jersey, Inc. ("DEWNJ"), a wholly-owned subsidiary of Del Webb Corporation ("Webb"), leased certain other of the Claridge's assets, including the buildings, parking facility and nongaming, depreciable, tangible property of the Claridge (the "Hotel Assets"), from Atlantic City Boardwalk Associates, L.P., (the "Partnership"), subleased the land on which the Claridge is located from the Partnership, assumed certain liabilities related to the acquired assets and undertook to carry on the business of the Claridge.

In October 1988, the Corporation and New Claridge entered into an agreement to restructure the financial obligations of the Corporation and New Claridge (the "Restructuring Agreement"). The restructuring, which was consummated in June 1989, resulted in (i) a reorganization of the ownership interests in the Claridge; (ii) modifications of the rights and obligations of certain lenders; (iii) satisfaction and termination of the obligations and commitments of Webb and DEWNJ under the original structure; (iv) modifications of the lease agreements between New Claridge and the Partnership; and (v) the forgiveness by Webb of substantial indebtedness.

On January 31, 1994, the Corporation completed an offering of $85 million of First Mortgage Notes (the "Notes") due 2002, bearing interest at 11 3/4%. The Notes are secured by (i) a non-recourse mortgage granted by the Partnership representing a first lien on the Hotel Assets; (ii) a pledge granted by the Corporation of all outstanding shares of capital stock of New Claridge; and (iii) a guarantee by New Claridge. New Claridge's guarantee of the Notes is secured by a collateral assignment of the second lien Expandable Wraparound Mortgage, and by a lien on the Claridge's gaming and other assets, which lien would be subordinated to liens that might be placed on those gaming and other assets to secure any future revolving credit line arrangement. On January 28, 1997, New Claridge entered into an agreement to subject the new self-parking garage to the lien of the mortgage; such lien will not be subordinated to any lien which may be placed on New Claridge's gaming and other assets to secure any future revolving credit line arrangement. Interest on the Notes is payable semiannually on February 1 and August 1 of each year. (See Note 8, "Long-Term Debt.")

The net proceeds of the Notes, totaling $82.2 million net of fees and expenses, were used as follows (i) to repay the then outstanding debt of the Corporation under the Revolving Credit and Term Loan Agreement (the "Loan Agreement") of approximately $35 million, including the outstanding balance of the Corporation's revolving credit line, which was secured by a first mortgage; (ii) to expand New Claridge's casino capacity by 12,000 square feet in 1994, including the addition of approximately 500 slot machines and the relocation of two restaurants and their related kitchens at a total cost of approximately $12.7 million; (iii) to purchase property in 1995 and construct on that property a self-parking garage, which opened in 1996, at a cost of approximately $28 million (of which approximately $7.5 million represents the cost of acquiring the land and approximately $20.5 million represents the costs attributable to building the garage facility); and (iv) to acquire the Contingent

1. BUSINESS (cont'd.)

Payment Option (see Note 9, "Other Liabilities") at a cost of $1 million. With the completion of the construction of the self-parking garage, the proceeds of the offering of the Notes had largely been expended.

(b) Current Developments

New Claridge incurred a significant loss in 1999, has significant accumulated deficits, and the Corporation is dependent upon New Claridge for cash as required to service the Notes payable of the Corporation. The Corporation did not pay the interest due on August 2, 1999 on the Notes, and, on August 16, 1999, the Corporation and New Claridge filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of New Jersey (the "Bankruptcy Court"). New Claridge continues to operate the business, as set forth in the Bankruptcy Code, under the supervision of the Bankruptcy Court, as a debtor-in-possession. The Partnership filed a voluntary petition under Chapter 11 of the Bankruptcy Code on October 5, 1999.

On January 27, 2000, the Corporation, New Claridge, and the Partnership filed a joint plan of reorganization and disclosure statement with the Bankruptcy Court. On April 5, 2000, in response to objections raised by the trustee for the noteholders, the United States Trustee, and others, the Corporation, New Claridge, and the Partnership filed an amended plan of reorganization and disclosure statement. The adequacy of the amended plan was approved by the Bankruptcy Court on May 9, 2000, which allowed for the amended plan to be submitted to the Corporation's creditors for a vote. On July 18, 2000, the Corporation announced the results of that vote: the holders of the Corporation's Notes voted to reject the amended plan; management of the Corporation believes that the unsecured creditors voted to accept the amended plan. The Corporation had intended to pursue confirmation of the amended plan under Section 1129B of the Bankruptcy Code, which allows for the Bankruptcy Court judge to confirm the amended plan through the "cramdown" procedure, at the confirmation hearing, which was scheduled to begin September 6, 2000.

However, on August 11, 2000, the Bankruptcy Court judge granted permission to the Official Secured Noteholders Committee (the "Committee") to hire an investment banker to attempt to locate potential investors to submit competing reorganization plans. The two primary offers which were considered by the Corporation's Board of Directors (the "Board") were submitted by Park Place Entertainment Corporation ("PPE") (owner and operator of Bally's Park Place, Incorporated, the Atlantic City Hilton Casino Resort, and Caesars Atlantic City casinos in Atlantic City) and GB Holdings, Incorporated ("GBHI") (owner and operator of the Sands Hotel and Casino in Atlantic City). After evaluation by the Board and its financial and legal advisors, the Corporation informed the Bankruptcy Court judge that it intended to pursue the bid submitted by PPE. The GBHI offer expired by its own terms on October 13, 2000.

On November 28, 2000, the Corporation filed a second amended joint plan of reorganization and a second amended disclosure statement, which included an executed copy of the purchase and sale

1. BUSINESS (cont'd.)

agreement between New Claridge, the Partnership, and PPE. The second amended joint plan of reorganization provided for a sale of substantially all of the assets of New Claridge and the Partnership to PPE. Certain amendments were subsequently made to this plan, and on March 27, 2001, the fourth amended joint plan of reorganization and fourth amended disclosure statement (the "Plan") were approved by the Bankruptcy Court to be submitted to the creditors for a vote. Pursuant to the terms of the Plan, the secured noteholders would receive approximately an 83% recovery on their claim of $90.5 million, and the unsecured creditors would receive approximately 61.5% of their claim. On May 11, 2001, the Corporation announced the results of the voting of its creditors regarding the Plan. The holders of the Notes voted to accept the Plan. The result of the vote from the unsecured creditors has not been finalized; however, the Corporation believes that the unsecured creditors also voted to accept the Plan. The Corporation intends to move forward to have the Plan confirmed. The confirmation hearing is scheduled for May 16, 2001.

The financial statements as of March 31, 2001, do not show (i) as to assets, their realizable value on a liquidation basis or their availability to satisfy liabilities; (ii) contingencies, or the status and priority thereof, or (iii) as to stockholder accounts, the effect of any changes that may be made in New Claridge's business. The eventual outcome of these matters is not presently determinable.

(c) License Renewal

On September 20, 2000, New Claridge was issued a one-year casino license by the New Jersey Casino Control Commission (the "Commission") for the period commencing September 30, 2000. Due to the uncertainty concerning the disposition of New Claridge's bankruptcy proceedings, the Commission elected, for the second year in a row, to issue the one-year license, rather than the typical four-year casino license. Additionally, the casino license renewal contains certain financial reporting conditions and requirements consistent with the previous license conditions, and with the manner in which the Commission has relicensed other casino licenses that have filed voluntary petitions under Chapter 11 in the past.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles and in accordance with Statement of Position 90-7, "Financial Reporting By Entities in Reorganization under the Bankruptcy Code," and include disclosure of liabilities subject to compromise (see Note 9). The accompanying financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should New Claridge be unable to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Cash

Cash includes investments in interest-bearing repurchase agreements in government securities, with maturities of three months or less when purchased. Interest income is recorded as earned.

(d) Casino Receivables and Revenues

Credit is issued to certain casino customers and New Claridge records all unpaid credit as casino receivables on the date the credit was granted. Allowances for estimated uncollectible casino receivables are provided to reduce these receivables to amounts anticipated to be collected. New Claridge recognizes as casino revenue, the net win (which is the difference between amounts wagered and amounts paid to winning patrons) from gaming activity.

(e) Promotional Allowances

Promotional allowances are presented at retail value. The cost of providing these complimentaries is included in the statement of earnings as operating costs.

(f) Inventories

Inventories are stated at a lower of cost or market, cost being determined principally on a first-in, first-out basis.

(g) Property and Equipment

Property and equipment are recorded at cost, and are depreciated using the straight-line method over the following estimated useful lives:

Building	39 years
Building Improvements	10 years
Other equipment	7 years
Gaming equipment	5 years
Computers and related equipment	5 years
Automobiles	3 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(h) Income Taxes

New Claridge is included in the consolidated income tax return of its parent, the Corporation. Deferred income taxes are provided for the temporary differences between financial statement reporting and income tax reporting for rent leveling provisions, asset basis differences, and various other expenses recorded for financial statement purposes.

3. INVESTMENTS, ADVANCES, AND RECEIVABLES

Investments, Advances, and Receivables at March 31, 2001 and 2000 are summarized as follows:

	2001	2000
	(in thousands)	
$127,000,000 Expandable Wraparound Mortgage 14%, maturities through September 30, 2000 (net of $2,211,000 discount at March 31, 2001 and 2000).	$ 47,689	48,289
Deferred interest receivable, due September 30, 2000	20,000	20,000
FF&E promissory note, 14%	11,363	13,630
Reinvestment obligations	4,183	3,038
Allowance for Impairment-Expandable Wraparound Mortgage	(37,595)	(37,595)
	45,640	47,362
Less current installments	2,319	2,809
	$ 43,321	44,553

The Expandable Wraparound Mortgage Loan Agreement ("Expandable Wraparound Mortgage") was executed and delivered by the Partnership to New Claridge and is secured by all property of the Partnership. As part of the agreement, New Claridge is obligated to make payments required under any senior mortgage indebtedness, so long as the Partnership is not in default on its obligations under the Expandable Wraparound Mortgage. Under the terms of the Expandable Wraparound Mortgage, New Claridge is not permitted to foreclose on the Expandable Wraparound Mortgage so long as a senior mortgage is outstanding. $20 million in interest was deferred between 1983 and 1988 and will be due upon maturity. Principal payments required under the Expandable Wraparound Mortgage commenced in 1988, and continued through 1998.

Under the terms of the Expandable Wraparound Mortgage, New Claridge was obligated to loan the Partnership up to $25 million in the form of FF&E promissory notes ("FF&E Loans"), secured under the Expandable Wraparound Mortgage, for the purchase of property and equipment ("FF&E Replacements"). One half of the FF&E Loan principal is due in 48 months and the remaining balance is due 60 months from the date of issuance of the respective FF&E Loan. In connection with the offering of $85 million of Notes on January 31, 1994, the Corporation agreed to use not less than $8 million from the net proceeds of the offering to finance certain

3. INVESTMENTS, ADVANCES, AND RECEIVABLES (cont'd)

internal improvements to the Claridge which were funded through additional FF&E Loans. In connection therewith, the Expandable Wraparound Mortgage Loan agreement, as well as the Operating Lease and the Expansion Operating Lease, were amended to provide that the principal on these additional FF&E Loans will be payable at final maturity of the Expandable Wraparound Mortgage. As a result of the Corporation and New Claridge's Chapter 11 filing on August 16, 1999, and the Partnership's Chapter 11 filing on October 5, 1999, the Partnership no longer provides furniture, fixture, and equipment replacements to the Claridge; rather, New Claridge now provides such replacements.

The Expandable Wraparound Mortgage has been amended from time to time. In the most recent amendment, which was effective September 30, 1998, the Corporation, New Claridge, and the Partnership agreed to amend the March 1997 restructuring agreement to provide for an extension of the maturity date of the Expandable Wraparound Mortgage to January 1, 2005. In addition, the Expandable Wraparound Mortgage Agreement and Note were amended to defer the principal payments which were payable during the fourth quarter of 1998 (totalling $3.5 million) to the earlier of (i) the maturity date of the Expandable Wraparound Mortgage Agreement and Note; (ii) such earlier date, if any, as the entire principal amount of the Expandable Wraparound Mortgage becomes due and payable; or (iii) the date on which any merger, consolidation or similar transaction to which the Corporation or New Claridge is a party, or any sale of all or substantially all of the assets of the Corporation or New Claridge is consummated, or any change of control of the Corporation or New Claridge occurs.

If the Partnership should fail to make any payment due under the Expandable Wraparound Mortgage, New Claridge may exercise a right of offset against rent or other payments due under the Operating Lease and Expansion Operating Lease to the extent of any such deficiency. As a result of the Corporation and New Claridge's Chapter 11 filing, under the terms of the indenture governing the Notes (the "Indenture"), an "Event of Default" has occurred (as defined in the Indenture). As a result of this Event of Default, the Corporation and New Claridge are precluded from receiving any further payments of principal or interest on the Expandable Wraparound Mortgage. As a result, the Corporation and New Claridge have exercised this right of offset against rental payments required to be made subsequent to August 16, 1999. Operating lease payments are being made monthly by New Claridge to an escrow account for the benefit of the secured noteholders, which can only be accessed with the approval of the Bankruptcy Court.

As a result of the Corporation's and New Claridge's filing for reorganization under Chapter 11 on August 16, 1999, as well as the Partnership's Chapter 11 filing on October 5, 1999, the Expandable Wraparound Mortgage has become impaired. Therefore, during the fourth quarter of 1999, New Claridge recorded an adjustment to write-down the balance of the Expandable Wraparound Mortgage receivable, to an amount estimated to be the realizable value of the Hotel Assets. The total amount of this write-down was $37.6 million.

The Casino Control Act (the "Act") provides for the imposition of an investment obligation, calculated as 1.25% of the total revenues from gaming operations less the provision for uncollectible accounts. If a casino licensee opts not to make an investment as required, it is assessed an alternative tax of 2.5% of total gaming revenues less the provision for uncollectible accounts. The licensee can satisfy its investment obligation by

3. INVESTMENTS, ADVANCES, AND RECEIVABLES (cont'd)

making a direct investment in a project approved by the CRDA, the agency responsible for administering this portion of the Act, or it can buy bonds issued by the CRDA. These bonds bear interest at two-thirds of market rates, as set forth in the Act.

New Claridge has opted to deposit its reinvestment obligation funds with the State Treasurer. Through March 31, 2001, New Claridge has deposited approximately $24.5 million of which $3,507,000 has been used to purchase bonds issued by the CRDA, approximately $17 million was subsequently donated to the CRDA (see discussion below), and $3,796,000 remains on deposit. Since interest on these bonds and funds deposited is paid at a discounted rate, New Claridge records a valuation allowance of approximately one-third of the reinvestment obligation. In addition, certain bonds issued by the CRDA have become impaired, and the payment of principal and interest on these bonds remains uncertain. As a result, New Claridge has recorded a valuation allowance for the full amount of its investment in these bonds, totaling $1,670,000.

From time to time, New Claridge has made donations to the CRDA, of funds which had previously been deposited with the State Treasurer. In exchange for certain of these donations, New Claridge received credits towards future obligations or cash credits, from the CRDA, equal to 51% of the donations. At the time of the donations, New Claridge records expense to write-down the book value of the donations to the amount of the credits received. As of March 31, 2001, all of these credits had been used.

4. PROPERTY AND EQUIPMENT

Property and equipment at March 31, 2001 and 2000 consist of the following:

	2001	2000
	(in thousands)	
Gaming equipment	$ 12,123	11,667
Land and land improvements	7,598	7,598
Building and building improvements	19,135	17,863
Leasehold improvements	745	745
Capital lease asset	822	822
Other equipment	1,793	690
	42,216	39,385
Less accumulated depreciation	13,282	12,802
Net property and equipment	$ 28,934	26,583

5. OTHER ASSETS

Other assets at March 31, 2001 and 2000 consist of the following:

	2001	2000
	(in thousands)	
Intangible assets (net of accumulated amortization of $1,282 and $1,156 at March 31, 2001 and 2000, respectively	$ 414	146
Refundable deposits, non-current	373	230
Other non-current assets	32	89
	$ 819	465

6. OTHER ACCRUED EXPENSES

Other accrued expenses at March 31, 2001 and 2000 consist of the following:

	2001	2000
	(in thousands)	
Accrued payroll and related benefits	$ 9,289	8,719
Other	916	1,400
	$ 10,205	10,119

7. OTHER CURRENT LIABILITIES

Other current liabilities at March 31, 2001 and 2000 consist of the following:

	2001	2000
	(in thousands)	
Deferred rent	$ 725	1,025
Auto/general claims liability	970	377
Unredeemed chips/plaques	1,672	1,240
Other	663	578
	$ 4,030	3,220

Effective September 30, 1998, the Operating Lease and Expansion Operating Lease were further amended, pursuant to a Sixth Amendment to the Operating Lease and Fifth Amendment to the Expansion Operating Lease (the "Sixth Amendment"). The Sixth Amendment provided for the deferral of $1.1 million of rent in either February 1999 or March 1999, dependent upon certain conditions being met. These conditions were met, and the $1.1 million of rent was deferred in March 1999. The $1.1 million of basic rent deferred is paid to the Partnership in monthly installments of $25,000 commencing January 1, 2000 until paid in full (subject to acceleration under certain circumstances).

7. OTHER CURRENT LIABILITIES (cont'd)

As of March 31, 2000, due to affiliates, deferred rent current (which resulted from the 1989 restructuring transaction), and the auto and general liability reserves incurred prior to August 16, 1999 are included in "Liabilities Subject to Compromise" (see Note 9), as a result of New Claridge's filing for reorganization under Chapter 11 (see Note 1(b)) on August 16, 1999.

8. LONG TERM DEBT

On January 31, 1994, the Corporation completed an offering of $85 million of Notes due 2002, bearing interest at 11 3/4%. The Notes are secured by (i) a non-recourse mortgage granted by the Partnership representing a first lien on the Hotel Assets; (ii) a pledge granted by the Corporation of all outstanding shares of capital stock of New Claridge; and (iii) a guarantee by New Claridge. New Claridge's guarantee of the Notes is secured by a collateral assignment of the second lien Expandable Wraparound Mortgage, and by a lien on the Claridge's gaming and other assets, which lien would be subordinated to liens that might be placed on those gaming and other assets to secure any future revolving credit line arrangement. On January 28, 1997, New Claridge entered into an agreement to subject the new self-parking garage to the lien of the mortgage; such lien would not be subordinated to any lien which might be placed on New Claridge's gaming and other assets to secure any future revolving credit line arrangement. Interest on the Notes is payable semiannually on February 1 and August 1 of each year. The Corporation applied the net proceeds from the sale of the Notes of $82.2 million as a contribution to the equity capital of New Claridge. A portion of the net proceeds was used to repay in full New Claridge's outstanding debt under the Loan Agreement, including the outstanding balance of New Claridge's revolving credit line. In conjunction with the full satisfaction of the Loan Agreement, New Claridge's $7.5 million revolving credit line arrangement was terminated.

The Indenture restricts the declaration or payment of dividends or distributions or redemptions of capital stock by the Corporation and its subsidiaries other than (i) dividends or distributions payable in equity interests of the Corporation or such subsidiaries; (ii) dividends or distributions payable to the Corporation or any wholly-owned subsidiary; or (iii) dividends by a subsidiary on its common stock if such dividends are paid pro-rata to all holders of such common stock.

9. OTHER LIABILITIES AND LIABILITIES SUBJECT TO COMPROMISE

Other liabilities at March 31, 2001 and 2000 consist of the following:

	2001	2000
	(in thousands)	
License agreement	$ 1,200	1,275
Other noncurrent liabilities	25	104
	$ 1,225	1,379

9. OTHER LIABILITIES AND LIABILITIES SUBJECT TO COMPROMISE (cont'd)

On February 28, 1997, New Claridge entered into an agreement with Thermal Energy Limited Partnership I ("Atlantic Thermal"), pursuant to which Atlantic Thermal was granted an exclusive license for a period of twenty years to use, operate, and maintain certain steam and chilled water production facilities at the Claridge. In consideration for this license agreement, Atlantic Thermal paid New Claridge $1.5 million. This amount will be recognized as income over the term of the agreement, commencing April 1997.

Liabilities subject to compromise are subject to future adjustments depending on Bankruptcy Court actions and further developments with respect to disputed claims. Payment of these liabilities may not be made except pursuant to an approved plan of reorganization or under the order of the Bankruptcy Court while New Claridge continues to operate as debtor-in-possession. As of March 31, 2001 and 2000, liabilities subject to compromise consist of the following (in thousands):

	2001	2000
Accounts payable and accrued expenses	$ 3,158	3,152
Accrued interest	4,392	4,392
Loan from the Partnership	3,600	3,600
Deferred rent due to the Partnership	23,078	22,457
Contingent Payment	19,000	19,000
Auto and general liability reserves	771	1,086
Other	1,607	1,343
	$ 55,606	55,030

On June 16, 1989 pursuant to the terms of the Restructuring Agreement, the Partnership loaned to New Claridge $3.6 million which represented substantially all cash and cash equivalents remaining in the Partnership other than funds needed to pay expenses incurred through the closing of the restructuring. This loan is evidenced by an unsecured promissory note and is not due and payable until such time as the full or partial satisfaction of the Expandable Wraparound Mortgage and the first mortgage has been made in connection with a refinancing or sale of all or a partial interest in New Claridge. Interest, which contractually accrues at 12% per annum, is payable in full upon maturity. Interest, which ceased to accrue as a result of New Claridge's filing for reorganization under Chapter 11 on August 16, 1999, totals $4,392,000.

Pursuant to the Restructuring Agreement, Webb retained an interest, which was assigned to the Valley of the Sun United Way on April 2, 1990, equal to $20 million plus interest at a rate of 15% per annum, compounded quarterly, commencing December 1, 1988, in any proceeds ultimately recovered from operations and/or the sale or refinancing of the Claridge facility in excess of the first mortgage loan and other liabilities ("Contingent Payment"). Consequently, New Claridge has deferred the recognition of $20 million of forgiveness income with respect to the Contingent Payment obligation. Interest on the Contingent Payment has not been recorded in the accompanying financial statements since the likelihood of paying such amount is not considered probable at this time. As of March 31, 2001 accrued interest would have amounted to approximately $103 million.

9. OTHER LIABILITIES AND LIABILITIES SUBJECT TO COMPROMISE (cont'd)

In connection with the restructuring, Webb agreed to grant those investors in the Corporation and the Partnership ("Releasing Investors"), from whom Webb had received written releases from all liabilities, rights ("Contingent Payment Rights") to receive certain amounts to the extent available for application to the Contingent Payment. Approximately 84% in interest of the investors provided releases and became Releasing Investors. Payments on the Contingent Payment and to Releasing Investors are to be made in accordance with a schedule of priorities, as defined in the Restructuring Agreement.

On February 23, 1996, the Corporation acquired an option to purchase, at a discount from the carrying value, the Contingent Payment. The purchase price of the option of $1 million was recorded as an offset to the Contingent Payment liability which is included in other liabilities on New Claridge's balance sheet. The option could have been exercised any time prior to December 31, 1997. Given its operating results (see Note 1(b), "Current Developments"), the Corporation was not able to exercise the Contingent Payment Option, and it expired in accordance with its terms on December 31, 1997.

Under the terms of the proposed Plan, the Contingent Payment and the Contingent Payment Rights would be extinguished, and the holders of the Contingent Payment and Contingent Payment Rights would not receive any distributions in respect of these items.

10. OTHER NONOPERATING INCOME (EXPENSE) - NET

Other nonoperating income (expense) - net for the three months ended March 31, 2001 and 2000 consists of the following (in thousands):

	2001	2000
Interest income - Wraparound Mortgage	$ 2,154	2,266
Interest income - other	186	181
Other nonoperating income/(expense)	3	18
Facilities/maintenance fee	132	132
Gain/(loss) on disposal of assets	2	31
Partnership rent expense	(6,199)	(6,740)
	$ (3,722)	(4,112)

11. OPERATING LEASE

The Hotel Assets are owned by the Partnership and leased by the Partnership to New Claridge under the terms of an Operating Lease originally entered into on October 31, 1983, and an Expansion Operating Lease, which covered the expansion improvements made to the Claridge in 1986. The initial terms of both leases expired on September 30, 1998; each lease provided for three ten-year renewal options at the election of New Claridge. New Claridge exercised the first of the ten-year renewal options, extending the term of the Operating Lease and Expansion Operating Lease through September 30, 2008.

11. OPERATING LEASE (con't)

Basic rent during the renewal term of each lease is calculated pursuant to a defined formula, with such rent for the lease year commencing October 1, 1998 through September 30, 1999 not to be more than $29.5 million nor less than $24 million for the Operating Lease, and not to be more than $3 million nor less than $2.5 million for the Expansion Operating Lease. In addition, in each subsequent lease year, rent will be calculated pursuant to a defined formula, but may not exceed 10% more than the basic rent for the immediately preceding lease year. Basic rent, as calculated pursuant to the defined formula for the lease years commencing October 1, 1998, 1999 and 2000 was $24 million for the Operating Lease and $2.5 million for the Expansion Operating Lease.

New Claridge is also required to pay, as additional rent, certain amounts including certain taxes, insurance, and other charges related to the occupancy of the land and Hotel Assets, certain expenses and debt service related to furniture, fixture and equipment replacements and building improvements, and the general and administrative costs of the Partnership.

For the three months ended March 31, 2001 and 2000, total expense resulting from the Operating Lease and Expansion Operating Lease amounted to $6,199,000 and $6,740,000, respectively, of which ($-0-) and ($310,000), respectively, of rental expense is attributable to the requirement under Statement of Financial Accounting Standards No. 13 to provide a level rent expense for those leases with escalating payments.

The terms of the Operating Lease and Expansion Operating Lease have been amended from time to time. The most recent amendment (the "Sixth Amendment"), which was effective September 30, 1998, allowed for the deferral of $1.1 million of rent in either February 1999 or March 1999, dependent upon certain conditions being met. These conditions, which must have occurred prior to March 2, 1999, included (i) New Claridge having received the proceeds in connection with its settlement of the parking garage arbitration; and (ii) the Corporation or New Claridge having paid the interest due on the Notes on February 1, 1999. New Claridge received the proceeds from the settlement of the parking garage litigation in February 1999, and paid the interest that was due on the Notes on March 2, 1999, within the 30 day grace period allowed in accordance with the terms of the Indenture. The $1.1 million of basic rent deferred in 1999 is to be paid to the Partnership in monthly installments of $25,000 commencing January 1, 2000 until paid in full (subject to acceleration under certain circumstances). This amendment also provides for additional abatements of rent, through December 31, 2004, as necessary to reduce the Partnership's cash flow to an amount necessary only to meet the Partnership's cash requirements; these abatements, however, are to be reduced by specified amounts for each period commencing January 1, 2000 and ending on December 31, 2004 ($83,333 per month in 2000, $130,000 per month in 2001, $180,000 per month in 2002 and 2003, and $130,000 per month in 2004).

In addition to the deferral and abatements of rent provided for in the Sixth Amendment, the amendment provides for the payment of $3.5 million of additional basic rent on the earlier of (i) the maturity date of the Expandable Wraparound Mortgage Note; (ii) such earlier date, if any, as the entire principal amount of the Expandable Wraparound Mortgage becomes due and payable; or (iii) the date on which any merger, consolidation or similar transaction to which the Corporation or New Claridge is a party or any sale of all or substantially all of the assets of the Corporation or New Claridge is consummated or any change in control of the Corporation or New Claridge occurs.

11. OPERATING LEASE (con't)

If the Partnership should fail to make any payment due under the Expandable Wraparound Mortgage, New Claridge may exercise a right of offset against rent or other payments due under the Operating Lease and Expansion Operating Lease, to the extent of any such deficiency. As a result of the Corporation and New Claridge's Chapter 11 filing on August 16, 1999, under the terms of the Indenture, an "Event of Default" has occurred (as defined in the Indenture). As a result of the Event of Default, the Corporation and New Claridge are precluded from receiving any further payments of principle or interest on the Expandable Wraparound Mortgage. As a result, the Corporation and New Claridge have exercised this right of offset against rental payments required to be made subsequent to August 16, 1999. Operating lease payments are being made monthly by New Claridge to an escrow account, for the benefit of the secured noteholders, which can only be accessed with the approval of the Bankruptcy Court.

12. INCOME TAXES

New Claridge is included in the consolidated income tax return of its parent, the Corporation. The Corporation accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis.

The provision for income taxes for the three months ended March 31, 2001 and 2000 is comprised of the following (in thousands):

	2001	2000
Current:		
Federal	$ -0-	-0-
State	-0-	-0-
Deferred	-0-	84
	$ -0-	84

The provision for income tax for the three months ended March 31, 2001 and 2000 differs from the amount computed at the statutory rate as follows (in thousands):

	2001	2000
Computed "expected" tax (benefit)expense	$ (413)	71
Increase in income taxes resulting from:		
Change in the valuation allowance	486	-0-
State income tax, net of federal income tax (benefit) expense	(73)	13
	$ -0-	84

13. RELATED PARTY TRANSACTIONS

(a) At the closing of the restructuring on June 16, 1989, the Partnership loaned to New Claridge all cash and cash equivalents remaining in the Partnership other than funds needed to pay expenses incurred through or at the closing of the restructuring. Interest on this loan contractually accrues at 12% per year. As a result of New Claridge's Chapter 11 filing, interest on this loan ceased to accrue as of August 16, 1999. Therefore, for the three months ended March 31, 2001 and 2000 interest expense on this loan was $-0-.

(b) In conjunction with the restructuring, the Maintenance Services Contract was assigned by DEWNJ to New Claridge; consequently, certain charges are paid directly to the Partnership. The cost of these services for the three months ended March 31, 2001 and 2000 expense was $40,000 and $65,000, respectively.

(c) The Partnership has a direct material interest in the Expandable Wraparound Mortgage Loan Agreement and the Operating Lease as described in the preceding notes. Under the terms of the above agreements, for the three months ended March 31, 2001 and 2000 New Claridge has earned interest income of $2,154,000 and $2,266,000, respectively, and incurred lease expense of $6,199,000 and $6,740,000, respectively.

STATEMENT OF CONFORMITY, ACCURACY AND COMPLIANCE

STATE OF NEW JERSEY :
: ss
COUNTY OF ATLANTIC :

Laura L. Palazzo, being duly sworn according to law upon my oath deposes and says:
Name

1. I have examined this Quarterly Report.

2. All the information contained in this report has been prepared in conformity with Casino Control Commission's quarterly report instructions and Uniform Chart of Accounts.

3. To the best of my knowledge and belief, the information contained in this report is accurate.

4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the year.

Signature

Vice President /Controller
Title

02461-11
License Number

On Behalf Of:

The Claridge at Park Place, Inc.
Casino Licensee